

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 AID-05

EB-07 COME-00 OMB-01 TRSE-00 AGR-05 CIEP-01 STR-04

/080 W

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R 141439Z NOV 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 7917

INFO AMCONSUL ALEXANDRIA

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E.O. 11652: NA

TAGS: EAGR, ETRD, EG

SUBJECT: COTTON CROP ESTIMATES FOR 1975 DOWN

1. AGMIN HAS RELEASED COTTON PRODUCTION ESTIMATES FOR 1975 SEASON, NOW PRACTICALLY FINISHED, WHICH INDICATE CONSIDERABLE FALL FROM PREVIOUS YEAR. ESTIMATED PRODUCTION THIS YEAR IS 7.8 MILLION KANTARS OF COTTON LINT (390,000 METRIC TONS) COMPARED WITH 8.8 MILLION KANTARS (440,000 TONS) IN 1974. ACCORDING LOCAL PRESS ACCOUNTS, AGMIN ATTRIBUTES DECLINE TO DECREASE BY 7.4 PERCENT OF AREA PLANTED.

2. AGMIN DIRECTOR OF ECONOMIC RESEARCH INSTITUTE, DR. KAMAL HINDY, CONFIRMED PUBLISHED DATA IN CONVERSATION WITH AID OFFICER NOVEMBER 13. HE STATED PRODUCTION DECLINE IS DUE TO ABOVE-CITED DECREASE IN AREA PLANTED PLUS AVERAGE FOUR PERCENT FALL IN YIELD, AND NOTED THAT ALL TYPES COTTON WILL BE AFFECTED, WITH LARGEST ABSOLUTE DECLINE IN LONG STAPLE VARIETIES. DR. HINDY REMARKED THAT MORE DEFINITIVE PRODUCTION ESTIMATE WILL BE ISSUED IN FEBRUARY 1976.

3. COMMENT. IF ESTIMATES ARE BORNE OUT BY LATER FIGURES, 1975  
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COTTON CROP WILL BE SMALLEST SINCE AT LEAST 1967 (DATA AVAILABLE

TO EMBASSY ARE NOT CONSISTENT; SOME FIGURES SUGGEST EARLY 1950'S WAS LAT PERIOD PRODUCTION WAS LOWER). MORE SIGNIFICANT REASON FOR DECREASE IS DECLINE IN AREA PLANTED SINCE MINOR YEARLY VARIATIONS IN YIELD ARE TO BE EXPECTED. DISINCENTIVES OF ADMINISTERED PRICES OBVIOUSLY ARE CONTRIBUTING TO SHIFTS IN CROPPING PATTERS--NOTABLY TO MAIZE AND CLOVER--TO EXTENT FARMERS ARE ABLE UNDER GOE ACREAGE CONTROLS. TOTAL 107,000 FEWER FEDDANS (111,000) OF COTTON WERE PLANTED IN 1975 THAN IN 1974.

4. OBVIOUS ALSO IS POTENTIAL IMPACT ON EXPORT EARNINGS. EGYPT GAINED ABOUT LE 162 MILLION EQUIVALENT IN 1972 AND IN 1973 FROM COTTON EXPORTS. DUE TO RISE IN WORLD PRICES, 1974 WAS BANNER YEAR, WITH EARNINGS OF LE 312 MILLION EQUIVALENT, EVEN THOUGH AMOUNT EXPORTED WAS SOME 14 PERCENT BELOW EACH OF PREVIOUS TWO YEARS. FARMERS DID NOT SHARE IN THIS WINDFALL--AND SHOWED IT IN THEIR 1975 PLANTING DECISIONS. (EXPORT MARKET FOR EGYPTIAN COTTON IN 1975, HOWEVER, WAS RELATIVELY POOR IN PRICE TERMS; A VERY LARGE PERCENTAGE OF SHIPMENTS ENDED UP IN EASTERN EUROPE UNDER NON-CONVERTIBLE PAYMENTS AGREEMENT SALES ARRANGEMENTS.) END COMMENT.

5. EMBASSY UNDERSTANDS CONGEN ALEXANDRIA IS PREPARING MORE DETAILED COTTON STATUS REPORT TO FOLLOW.  
EILTS

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## Message Attributes

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